

Message Text

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ACTION SCSE-00

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R 091545Z MAY 74

FM AMEMBASSY PORT AU PRINCE

TO SECSTATE WASHDC 7916

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E.O. 11652: N/A

TAGS: CASC, HA

SUBJECT: CASE OF NICHOLAS STERN

1. SUMMARY: US CITIZEN NICHOLAS STERN HAS BEEN REFUSED PERMISSION TO LEAVE HAITI SINCE APRIL 12, 1974 PENDING RESOLUTION OF A LABOR DISPUTE. THE EMBASSY HAS MADE APPROACHES AT ALL LEVELS IN THE GOH TO OBTAIN STERN'S RELEASE, AND THERE IS SOME EVIDENCE THAT THE MATTER SOON WILL BE RESOLVED. END SUMMARY.

2. NICHOLAS STERN, US CITIZEN, WAS STOPPED AT FRANCOIS DUVALIER AIRPORT APRIL 12, 1974 AS HE WAS PREPARING TO DEPART FOR THE U.S. ALTHOUGH HE HAS NOT BEEN ARRESTED, HE HAS BEEN PREVENTED FROM LEAVING HAITI PENDING RESOLUTION OF A LABOR COMPENSATION PROBLEM INVOLVING UNITED MANUFACTURERS, S.A., A HAITIAN CORPORATION OF WHICH STERN IS PRESIDENT. THE COMPANY IS A SUBSIDIARY OF A U.S. CORPORATION, CARIBBEAN SHOE CO., WHICH IS IN RECEIVERSHIP. FROM INFO AVAILABLE, STERN HAS BEEN HELD IN HAITI UPON SOLE AUTHORITY OF MINISTER OF SOCIAL AFFAIRS MAX ANTOINE, AND NO LEGAL PROCESS HAS BEEN BROUGHT AGAINST STERN PERSONALLY.

3. THE EMBASSY WAS INVOLVED IN THE CASE FROM THE BEGINNING, WHEN EMBOFFS ATTEMPTED TO OBTAIN PERMISSION FOR STERN'S DEPARTURE AT AIRPORT APRIL 12. CONSUL AND DCM SPOKE TO FOREIGN AFFAIRS MINISTRY OFFICIAL THE SAME EVENING, AND THE AMBASSADOR BROUGHT UP SUBJECT WITH FOREIGN MINISTER IN PRESENCE OF PRESIDENT DUVALIER ON APRIL 13. SINCE THEN, EMBASSY SENT NOTE NO. 105 OF APRIL 22, AND THE AMBASSADOR SENT NOTES NO. 107 OF APRIL 29, AND NO. 111 OF MAY 3, EACH REQUESTING AN EXPLANATION OF STERN'S DETENTION. THE FOREIGN

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MINISTRY TO DATE HAS REPLIED ONLY TO THE EXTENT OF STATING,

IN NOTE NO. JUR/E-3:328 OF APRIL 29, THAT THE MINISTRY OF SOCIAL AFFAIRS IS OBLIGED TO SECURE A GUARANTEE FROM STERN, BEFORE HIS DEPARTURE, THAT THE RIGHTS OF EMPLOYEES OF UNITED MANUFACTURERS, S.A., WILL BE PROTECTED. HOWEVER, FOREIGN MINISTER BRUTUS, WITH WHOM AMBASSADOR RAISED MATTER MAY 5, SAID HE PLANNED TO DISCUSS MATTER WITH ANTOINE FOLLOWING DAY, AND THAT HE WAS CERTAIN SOLUTION FOR THIS "SMALL PROBLEM" WOULD BE FOUND.

4. ACCORDING TO STERN, MINISTER ANTOINE INSISTS ON PAYMENT OF 40,000 DOLLARS CASH TO GUARANTEE PAYMENT OF SEVERANCE ALLOWANCES TO 506 EMPLOYEES OF THE COMPANY. STERN'S POSITION, WHICH IS SUPPORTED BY LEGAL OPINION, IS THAT AS AN OFFICER OF THE COMPANY, HE HAS NO PERSONAL LIABILITY FOR OBLIGATIONS OF THE CORPORATION. FURTHER, AS A MATTER OF PRINCIPLE, HE REFUSES TO GIVE PERSONAL GUARANTEES FOR SUCH PAYMENT.

5. LATEST AND ENCOURAGING DEVELOPMENT IN CASE IS AN APPROACH MAY 8 TO UNITED MANUFACTURERS BY A MINISTRY OF SOCIAL AFFAIRS INSPECTOR, WHO SUGGESTED UNOFFICIALLY THAT ANTOINE NOW MAY BE WILLING TO ACCEPT A STATEMENT FROM STERN ACKNOWLEDGING UNITED MANUFACTURERS' OBLIGATION AND PLEDGING THE COMPANY'S INTENTION TO PAY, AS WELL AS THE COMPANY'S INTENTION TO RESUME NORMAL OPERATIONS AS SOON AS POSSIBLE. STERN SAYS HE INTENDS TO COMPLY WITH THIS SUGGESTION AND WILL INFORM THE EMBASSY OF SUBSEQUENT DEVELOPMENTS.

6. IT MAY WELL BE THAT THIS APPROACH REFLECTS BRUTUS/ANTOINE DISCUSSION CITED PARA 2, FOR BRUTUS IS TOO EXPERIENCED A HAND NOT TO SEE THE EMBARRASSING PUBLIC RELATIONS ASPECTS OF CONTINUED DETENTION OF U.S. CITIZEN UNDER QUESTIONABLE LEGAL AUTHORITY WHEN NO FORMAL CHARGES HAVE BEEN LODGED AGAINST HIM.
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